THE WAR AMPUTATIONS OF CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2025

KHM
CHARTERED
PROFESSIONAL
ACCOUNTANTS

KELLY HUIBERS McNEELY
PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The War Amputations of Canada

Qualified Opinion

We have audited the accompanying financial statements of The War Amputations of Canada ("the Association"), which comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets, revenue and expense, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

In common with many not-for-profit organizations, the Association derives revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, net revenue, and cash flows from operations for the years ended December 31, 2025 and 2024, current assets as at December 31, 2025 and 2024, and net assets as at the beginning and the end of the years ended December 31, 2025 and 2024. Our audit opinion on the financial statements for the year ended December 31, 2024 was also qualified because of the possible effects of this limitation in scope.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelly Huibers McNeely
Professional Corporation

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

Stittsville, Ontario
June 18, 2026

THE WAR AMPUTATIONS OF CANADA

STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	2025	**2024**
ASSETS		
CURRENT ASSETS		
Cash (note 3)	$ 27,759,351	$ 41,266,750
Short-term investments (note 4)	6,743,352	5,510,050
Accounts receivable	1,606,517	998,994
Key Tag supplies - at cost	829,553	755,888
Prepaid expenses	194,093	762,085
	37,132,866	49,293,767
OTHER ASSETS		
Capital assets (note 5)	6,465,568	5,882,706
Long-term investments (note 4)	19,546,028	20,614,952
Assets held for pension liability (note 7)	11,534,658	10,873,214
Other (note 8)	219,381	171,153
	$ 74,898,501	**$ 86,835,792**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,294,313	$ 3,314,218
Pension liability (note 6)	172,044	4,647,914
	1,466,357	7,962,132
NET ASSETS		
Unrestricted	1,154,166	1,173,544
Invested in capital assets	6,465,568	5,882,706
Internally restricted (note 9)	65,560,000	71,560,000
Externally restricted for endowment purposes (note 3)	252,410	257,410
	73,432,144	78,873,660
	$ 74,898,501	**$ 86,835,792**

APPROVED ON BEHALF OF THE BOARD

Director

Director

The accompanying notes are an integral part of these financial statements.

THE WAR AMPUTATIONS OF CANADA

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2025

	Unrestricted	**Invested in capital assets**	**Internally restricted** (note 9)	**Externally restricted for endowment purposes** (note 3)	**Total 2025**	**Total 2024**
NET ASSETS - BEGINNING OF YEAR	$ 1,173,544	$ 5,882,706	$ 71,560,000	$ 257,410	$ 78,873,660	$ 89,019,144
Net expense	(9,219,001)	(882,896)	-	-	(10,101,897)	(13,185,882)
Remeasurements and other items	4,660,381	-	-	-	4,660,381	3,000,398
Endowment contributions	-	-	-	-	-	40,000
Transfers (from) to	4,539,242	1,465,758	(6,000,000)	(5,000)	-	-
NET ASSETS - END OF YEAR	**$ 1,154,166**	**$ 6,465,568**	**$ 65,560,000**	**$ 252,410**	**$ 73,432,144**	**$ 78,873,660**

The accompanying notes are an integral part of these financial statements.

THE WAR AMPUTATIONS OF CANADA

STATEMENT OF REVENUE AND EXPENSE

For the year ended December 31, 2025

	2025	2024
REVENUE		
Key Tag Service Division - sheltered workshop for the employment of the disabled (note 1)	$ 39,154,177	$ 35,511,574
Bequests	9,129,057	8,664,634
Investment income	2,098,952	3,103,167
Donations and miscellaneous	761,716	761,257
	51,143,902	48,040,632
EXPENSE		
Adult amputee program	24,225,884	27,719,665
At Your Service publication	294,585	273,438
CHAMP program	12,055,479	9,154,552
Corporate donor program	323,239	286,689
Directors' meetings	43,166	10,447
Key Tag Service Division - sheltered workshop for the employment of the disabled	17,177,855	16,255,173
Legal and audit	81,845	79,264
Miscellaneous	141,345	159,483
PLAYSAFE program	1,906,000	1,925,550
Prosthetics research and education funding	717,863	700,051
Public awareness	102,590	81,354
Service bureau and advocacy	3,103,274	2,602,896
Special programs	-	34,939
Special projects	194,125	1,062,800
Veterans' issues - special	748,792	720,463
Video distribution	253	229
Widows' assistance program	129,504	159,521
	61,245,799	61,226,514
NET EXPENSE	**$(10,101,897)**	**$(13,185,882)**

The accompanying notes are an integral part of these financial statements.

THE WAR AMPUTATIONS OF CANADA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	2025	2024
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net expense	$(10,101,897)	$(13,185,882)
Items not affecting cash:		
Amortization of capital assets	745,359	511,969
Loss on disposal of capital assets	137,537	23,935
Changes in fair value of investments	(1,746,875)	(1,684,761)
Pension expense	848,083	1,031,427
Payments for employment benefits	(663,572)	(1,024,953)
Net change in non-cash working capital items:		
Accounts receivable	(607,523)	(325,671)
Key Tag supplies - at cost	(73,665)	(72,648)
Prepaid expenses	567,992	(652,081)
Other assets	(48,228)	(12,133)
Accounts payable and accrued liabilities	(2,019,905)	1,928,964
	(12,962,694)	(13,461,834)
INVESTING ACTIVITIES		
Proceeds on redemption of investments	5,210,280	1,231,969
Purchase of investments	(4,289,227)	(10,897,056)
Purchase of capital assets	(1,465,758)	(374,100)
	(544,705)	(10,039,187)
FINANCING ACTIVITIES		
Endowment contributions	-	40,000
NET CHANGE IN CASH	(13,507,399)	(23,461,021)
CASH - BEGINNING OF YEAR	41,266,750	64,727,771
CASH - END OF YEAR	**$ 27,759,351**	**$ 41,266,750**

The accompanying notes are an integral part of these financial statements.

1. PURPOSE OF THE ORGANIZATION AND BASIS OF PRESENTATION

The primary purpose of The War Amputations of Canada ("the Association") is to provide financial and advisory services to those who have lost a limb, limbs or total eyesight in military service in the Armed Forces of Canada or her allies during time of war and to provide similar services to persons resident in Canada who have undergone amputation for causes other than war.

The Association is a registered charity, exempt from income taxes under subsection 149(1)(f) of the Income Tax Act (Canada), and is incorporated under the Canada Not-for-profit Corporations Act.

Key Tag Service Division

In 1946, the Association created the Key Tag Service Division to provide employment for returning disabled veterans from the Second World War. This service was recognized as a sheltered workshop. During the intervening years, disabled Canadians have continued to find employment at the Key Tag Service Division. The Key Tag Service Division is dedicated to providing employment to disabled Canadians.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the accounts of the National Headquarters and the Key Tag Service Division.

Investments

The Association's investments (notes 4 and 7) are measured at fair value using quoted market prices. Changes in fair value are included in the statement of revenue and expense.

Capital Assets

Capital assets are initially recorded at cost and are then amortized over their estimated useful service lives, using the declining-balance method, at the following annual rates:

Buildings	-	5%
Furniture, machinery and equipment	-	25%
Vehicles	-	25%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received.

Endowment contributions are recognized as direct increases in net assets.

Employee Future Benefits

The Association provides retirement benefits for its Key Tag Service Division employees and their survivors under a defined benefit pension plan ("the Key Tag Service Pension Plan") based on length of service and final average earnings. The Association funds its share of the Key Tag Service Pension Plan. On January 1, 2012, the Key Tag Service Pension Plan was amended so that all future benefits accruing on and after this date for new employees would be on a defined contribution basis.

Certain members of senior management are members of various unfunded defined benefit pension plans (Executive Pension Plans) with benefits paid by the Association based on a fixed percentage of final earnings offset by pensions provided by other plans of the Association.

The related accrued benefit obligations are actuarially determined based on the most recently completed actuarial valuation prepared for funding purposes of the Key Tag Service Pension Plan. Under the immediate recognition approach, the total cost, excluding remeasurements and other items, is included in net revenue for the year. Actuarial gains and losses, past service costs and other remeasurements and other items are recognized directly in net assets.

The Association also maintains a defined contribution plan for its National Headquarters employees. Contributions based on 5% of employee earnings are expensed as paid.

Allocation of Expenses

Occupancy, general office and amortization expenses, and public service announcements and other campaign expenses relating to the National Headquarters are allocated to certain programs in order to reflect support provided to these areas. These expenses are allocated based on estimates of usage. A portion of other salaries and benefits expenses are allocated to certain programs in order to reflect support provided to these areas. These expenses are allocated based on estimates of time spent by the relevant personnel on these programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from those estimates.

3. CASH

The Association receives a significant portion of its funding immediately prior to the year-end. These funds are used to finance the operations of its charitable activities in the ensuing year.

Net assets restricted for endowment purposes include gifts to the Association stipulating the resources be maintained permanently and that only interest earned may be used in designated programs. The Garry Nicol endowment currently allows for $5,000 to be utilized each year on prosthetics for children and bursaries. Endowments are invested in cash. Principal amounts received to date are as follows:

	2025	2024
Ed McAndrew	$ 25,000	$ 25,000
Griffith and Christina Lloyd	75,000	75,000
Kerr Estate	53,000	53,000
Lewis Manne	20,000	20,000
Michael Lifshitz	410	410
Robert Elliot	10,000	10,000
Garry Nicol	69,000	74,000
	$ 252,410	**$ 257,410**

4. INVESTMENTS

	2025	2024
Short-term investments:		
Cash and cash equivalents	$ 1,036,199	$ 708,294
Guaranteed investment certificates	4,157,153	2,000,000
Corporate bonds and fixed income notes	1,550,000	2,801,756
	$ 6,743,352	**$ 5,510,050**
Long-term investments:		
Government bonds	$ 3,060,392	$ 2,465,425
Guaranteed investment certificates	3,116,699	7,010,361
Corporate bonds and fixed income notes	11,525,161	9,118,513
Mutual funds and other	1,843,776	2,020,653
	$19,546,028	**$20,614,952**

Guaranteed investment certificates bear interest at fixed rates ranging from 3.6% to 3.7% and mature between 2026 to 2027 (2024 - 3.0% to 3.7% and mature between 2025 to 2027).

Government bonds bear interest at fixed rates ranging from 3.2% to 4.6% and mature between 2032 to 2039 (2024 - 3.2% to 4.6% and mature between 2032 to 2039).

Corporate bonds and fixed income notes bear interest at fixed rates ranging from 1.2% to 5.4% and mature between 2026 to 2036 (2024 - 1.2% to 5.4% and mature between 2025 to 2034).

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2025 Net Book Value
Land	$ 1,725,546	$ -	$ 1,725,546
Buildings	9,817,928	6,860,583	2,957,345
Furniture, machinery and equipment	4,709,305	2,952,041	1,757,264
Vehicles	60,238	34,825	25,413
	$ 16,313,017	**$ 9,847,449**	**$ 6,465,568**

	Cost	Accumulated Amortization	2024 Net Book Value
Land	$ 1,725,546	$ -	$ 1,725,546
Buildings	9,797,298	6,709,083	3,088,215
Furniture, machinery and equipment	4,299,147	3,264,086	1,035,061
Vehicles	60,238	26,354	33,884
	$ 15,882,229	**$ 9,999,523**	**$ 5,882,706**

6. EMPLOYEE FUTURE BENEFITS

Extrapolations of actuarial valuations prepared as at December 31, 2024 indicated the following information as at the measurement dates of December 31 each year:

			2025
	Executive Pension Plans (note 7)	**Key Tag Service Pension Plan**	**Total**
Fair value of plan assets	$ -	$ 44,462,610	$ 44,462,610
Accrued benefit obligation	(8,640,677)	(35,993,977)	(44,634,654)
Pension asset (liability)	**$ (8,640,677)**	**$ 8,468,633**	**$ (172,044)**

			2024
	Executive Pension Plans (note 7)	**Key Tag Service Pension Plan**	**Total**
Fair value of plan assets	$ -	$ 42,025,065	$ 42,025,065
Accrued benefit obligation	(8,938,906)	(37,734,073)	(46,672,979)
Pension asset (liability)	**$ (8,938,906)**	**$ 4,290,992**	**$ (4,647,914)**

7. ASSETS HELD FOR PENSION LIABILITY

The following assets are held with the intention to pay pension benefits under the Executive Pension Plans (note 6).

	2025	2024
Manulife Balanced Fund	$ 9,822,476	$ 9,014,630
Manulife Daily Interest Account	1,712,182	1,051,220
Manulife Compound GIA (Guaranteed Investment Account), maturing within five years	-	807,364
	$ 11,534,658	**$ 10,873,214**

8. OTHER ASSETS

Other assets represent the present value of donations receivable by the Association as beneficiary of irrevocable gifted charitable remainder life insurance and trust policies.

9. INTERNALLY RESTRICTED NET ASSETS

The Association has approved internally restricted net assets for:

a) long-term commitments made with respect to children enrolled in the Child Amputee (CHAMP) program;

b) a special prosthetic and research fund: (i) to address the special and unique needs of Canadian amputees in circumstances where a standard prosthetic limb will not provide the quality of life required by the amputee; and, (ii) to carry out requisite research with respect to scientific advances in the field of prosthetic limbs; and,

c) survivors' subsistence grants of $2,000 per member on the death of an active member and $1,000 on the death of the spouse. Payment of these grants is at the discretion of the respective branch executives on the basis of need.

	2025	2024
CHAMP program	$ 50,500,000	$ 56,500,000
Prosthetics research fund	15,000,000	15,000,000
Survivors' subsistence grants	60,000	60,000
	$ 65,560,000	**$ 71,560,000**

10. COMMITMENTS

Minimum annual lease payments relate to office space as follows:

Year ending December 31,	2026	-	$ 64,284

11. ADDITIONAL INFORMATION TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF THE CHARITABLE FUNDRAISING ACT (ALBERTA)

Key Tag Service Division expenses include $75,493 (2024 - $72,736) for employees whose principal duties involve fundraising.

12. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations. The Association does not use derivative financial instruments to manage its risks.

Investment Risk

Investments in financial instruments render the Association subject to investment risks. Interest rate risk is the risk arising from fluctuations in interest rates and their degree of volatility. There is also the risk arising from the failure of a party to a financial instrument to discharge an obligation when it is due. Market risk is the risk to the value of a financial instrument due to fluctuations in market prices, whether these fluctuations are caused by factors specific to the investment itself or to its issuer, or by factors pertinent to all investments on the market.

Credit Risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Concentration of Risk

Concentration of risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political and other conditions, the Association's investments are detailed in notes 4 and 7.

Currency Risk

The Association is exposed to currency risk as the value of financial instruments denominated in US dollars will fluctuate due to changes in the exchange rate. Cash includes $187,415 (2024 - $248,917) denominated in US dollars. Investments include $nil (2024 - $nil) denominated in US dollars.

THE WAR AMPUTATIONS OF CANADA

SCHEDULE - ALLOCATION OF EXPENSES

For the year ended December 31, 2025

	Adult amputee program	At Your Service publication	CHAMP program	Corporate donor program	PLAYSAFE program	Prosthetics research and education funding	Service bureau and advocacy	Veterans' issues - special	Total 2025
Occupancy, general office and amortization	$ 33,582	$ 33,582	$ 201,490	$ 33,582	$ 33,582	$ 67,163	$ 235,072	$ 33,582	$ 671,635
Public service announcements and other campaign	-	-	1,286,920	-	1,286,920	-	-	454,207	3,028,047
Salaries and benefits	261,003	261,003	1,566,021	261,003	261,003	522,007	1,827,024	261,003	5,220,067
	$ 294,585	**$ 294,585**	**$ 3,054,431**	**$ 294,585**	**$ 1,581,505**	**$ 589,170**	**$ 2,062,096**	**$ 748,792**	**$ 8,919,749**

	Adult amputee program	At Your Service publication	CHAMP program	Corporate donor program	PLAYSAFE program	Prosthetics research and education funding	Service bureau and advocacy	Veterans' issues - special	Total 2024
Occupancy, general office and amortization	$ 30,482	$ 30,482	$ 182,891	$ 30,482	$ 30,482	$ 60,964	$ 213,374	$ 30,482	$ 609,639
Public service announcements and other campaign	-	-	1,266,570	-	1,266,570	-	-	447,025	2,980,165
Salaries and benefits	242,956	242,956	1,457,734	242,956	242,956	485,911	1,700,690	242,956	4,859,115
	$ 273,438	**$ 273,438**	**$ 2,907,195**	**$ 273,438**	**$ 1,540,008**	**$ 546,875**	**$ 1,914,064**	**$ 720,463**	**$ 8,448,919**